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matter of the expedition mentioned and in providing arms, were more against than in favor of the lawful Finland. And the encouragement that the Swedish Government has given to the Separatist movement in Aaland involves directly hostile measures against Finland.

### FOREIGN DEBT, \$9,450,551,005\*

**T**WO STEEL drawers in the United States Treasury at Washington, each about the size of an ordinary suitcase, contain the I O U's of foreign nations for the aggregate sum of \$9,450,551,005.61. These papers, which are actually certificates of indebtedness, are what Uncle Sam holds in acknowledgment of the loans made during the great war to our allies—or, rather, technically speaking, our associates.

The documents, pieces of engraved parchment about 10 by 14 inches in size, and signed with such names as Jusserand, Boris Bakhmetieff and Cecil Spring-Rice, are weighted down with formidable-looking .45-caliber revolvers. They repose in a barred and secluded room of the Treasury awaiting their redemption by the borrowers from this country.

By degrees the allies are said to be canceling their loans. It is a lengthy process, however, attended by many discussions and complications. The matter of interest charges and the fluctuating rate of foreign exchange confuse the deliberations.

#### WAR LOANS MADE BY THE TREASURY

	Cash advanced.	Repaid.	Balance.
Great Britain	\$4,277,000,000.00	\$80,181,641.56	\$4,196,818,358.44
France	2,987,477,800.00	31,449,357.55	2,956,028,442.45
Italy	1,631,338,986.99	.....	1,631,338,986.99
Belgium	349,214,467.89	10,000.00	349,204,467.89
Russia	187,729,750.00	.....	187,729,750.00
Czechoslovakia	60,524,041.10	.....	60,524,041.10
Serbia	26,780,465.56	605,326.34	26,175,139.22
Rumania	25,000,000.00	1,794,180.48	23,205,819.52
Greece	10,000,000.00	.....	10,000,000.00
Cuba	10,000,000.00	500,000.00	9,500,000.00
Liberia	26,000.00	.....	26,000.00
Total	\$9,565,091,511.54	\$114,540,505.93	\$9,450,551,005.61

A calculation made by the Treasury, dated August 31 last, shows that the debt at that time totaled \$9,450,551,005.61. In the beginning it was \$9,565,091,511.54, but six of the debtor nations have made payments amounting in all to \$114,540,505.93. These nations include Great Britain, which has paid \$80,181,000 out of a total indebtedness of \$4,277,000,000; France, which has reduced a debt of \$2,987,000,000 by \$31,449,000; Roumania, which has paid \$1,794,000 of a total loan of \$25,000,000, and Belgium, which has paid \$10,000 of a loan of nearly \$350,000,000.

Serbia and Cuba have also paid small portions of their debt. Italy, owing more than one and one-half billions; Czechoslovakia, Greece, and Liberia have paid nothing; nor has Russia, and the probabilities are that the money due from that country will not be recovered for a long time, if ever.

Treasury officials are not inclined to discuss the loans

nor the progress of their collections. This is not because of a desire to shut off information from the public, but because delicate negotiations are being constantly conducted with the debtor nations. There is continual danger of treading on somebody's diplomatic toes.

One vexing question connected with the war loans is the collection of interest upon them. Practically all the money was lent at five per cent. The interest falls due from time to time. It is not always paid. Now and then Congress prods the Treasury and wants to know what is going on in the collection of interest. A statement made by Treasury officials last March to a Congressional committee showed that \$433,074,799.73 had been paid in interest; that interest due in October and November, 1919, and amounting to \$236,240,114.90, was still overdue, and that the total interest for the fiscal year 1920 would amount to \$463,215,613.06.

The advances to foreign governments were made for purchases of war supplies in the United States, including food for civilian relief. No advances for any purposes have been made by the Treasury since May, 1919. However, the original commitments still hold, and payments upon these have been made by the United States to the foreign countries.

About \$97,000,000 still remains in the Treasury to the credit of foreign nations. While \$9,565,091,511.54 has been paid out, the original sum authorized as a loan amounted to \$9,710,525,310.56, and certain nations have a claim against the balance due them. On the other hand, this Government hold claims against some of those nations to the amount of \$48,000,000, which will cut the balance practically in half.

The Treasury has established a policy whereby no money will be lent to foreign nations from these balances, so that they may pay their interest out of the sum, so it is said. The nations must pay the interest themselves. They have not been delivering it lately, and negotiations concerning the matter are proceeding slowly and with great care.

Certain critics of the Treasury insist that the foreign countries should be pressed for interest charges; but the Treasury, while silent on the subject, appears, from outward appearances at least, to hold that it is useless to demand money from those who cannot pay. It seems to be the old story of the bloodless turnip.

The loans made to the allies are well-nigh all due for immediate payment, or, in the vernacular, "on demand." Authority granted under the First Liberty Loan act allows the Treasury to change this demand to long-time obligations. But it is said that the demand time-limit still exists.

The United States is said to owe France \$435,000,000 for railway transport charges and \$3,000,000 for port charges. The War Department purchased certain large supplies in France. Sums are also owed for transport of men and material. These figures have not yet been made public.

To offset the obligations on the part of this country, there have been sales for cash and credit by the United States, both to the allies during the war and to the new nations since that time. Herbert Hoover is said to have received about \$80,000,000 in obligations from foreign nations for foodstuffs. The Grain Corporation was authorized to sell 5,000,000 barrels of flour on credit. The

\* Story taken from *New York Times* of September 26.

Shipping Board is said to have sold a ship in Poland. The navy sold supplies, although not a large amount.

Huge sales of material in Europe since the war have been made by the United States Liquidation Commission. Supplies sold to the "young nations" on credit amounted to \$140,104,021.84, but the \$8,500,000 sale to the Ukraine was canceled, as the contract with that republic was not carried out. Poland received supplies worth nearly \$60,000,000.

Supplies totaling \$637,508,570 were sold to other countries by the Liquidation Commission. Four hundred million dollars of this was realized through an agreement by France to purchase practically all of the American war material in France at a lump sum. Some of the sales, as, for instance, that to Portugal, were for cash. In addition to the total of \$777,905,103.23 worth of sales, France purchased war material billed at 232,565,047.51 francs, and individuals and corporations got material billed at 689,007.36 francs.

The Liquidation Commission's report says that conversion of the francs into dollars "at the current rate" and adding this amount to the sum purchased in dollars makes a grand total of \$822,923,225.82 for all the sales of War Department material in Europe. In payment for this, Government bonds aggregating \$564,233,302.87 have been taken from France, Belgium, "and eight countries of Central Europe and the Near East." The French bonds were for \$400,000,000. Sales amounting to 103,570,596.03 and 689,007.36 francs were made for cash on delivery, and short-term credits were taken for the rest.

"The appropriate Army Service has been taking care of the collection of these short-term credits, and nearly all of them have been liquidated at this time," says the commission's report, dated May 1, 1920.

Payments for these supplies must be collected before any final accounting may be had with the foreign nations. France, Belgium, and Italy are said to have large "set-off" agreements which will cancel some of their debt in this quarter.

All sorts of supplies are included in the obligations. Poland has received from this country \$12,000,000 worth of railway equipment, food, and canned meats. The French have purchased locomotives, tank cars, and \$1,000,000 worth of machine tools. Belgium has bought 15,000,000 pounds of frozen meat. The complete list would include very nearly everything that an army uses.

#### STATUS OF OUR PUBLIC DEBT JUNE 30, 1920.

Bonds .....	\$16,218,447,553.00
Notes:	
Victory Liberty Loan.....	4,246,385,530.00
Treasury Certificates:	
Tax .....	\$1,804,382,500
Loan .....	681,170,000
Pittman Act.....	259,375,000
Special Issue.....	24,000,000
	2,768,927,500.00
War Savings Securities (net cash receipts) .....	828,739,702.09
Total interest-bearing debt...	24,062,500,285.09
Debt on which interest has ceased.....	6,745,237.07
Non-interest-bearing debt.....	230,075,944.91
Total gross debt.....	\$24,299,321,467.07

## THE LEAGUE OF NATIONS\*

### How Its Coercion of Nations Violates Teachings of American History

By THEODORE STANFIELD

THE LEAGUE OF NATIONS proposes that the body called the Council may coerce member States, by force of arms if necessary, notwithstanding the fact history cries out that every such attempt has failed and caused war.

The men who framed the Constitution of the United States discussed, debated, and discarded this very principle of coercion of States. It was embodied in the Virginia plan. In his record of the debates of the convention, James Madison quotes himself as having said concerning the Virginia plan on June 19, 1787:

The coercion on which the efficacy of the plan depends can never be exerted but on themselves (referring to the States). The larger States will be impregnable, the smaller only can feel the vengeance of it. He illustrated the position by the history of the Amphictyonic Confederates and the ban of the German Empire. It was the cobweb which could entangle the weak, but would be the sport of the strong.

Again, on July 14, 1787, he stated:

The practicability of making laws, with coercive sanction, for the States as political bodies has been exploded on all hands.

#### CANNOT COERCE STATES

Alexander Hamilton said:

To coerce the States would be one of the maddest projects ever devised. No State would ever suffer itself to be used as an instrument of coercing another. . . . There could be no cure for this great evil but to enable the national laws to operate on individuals, like the laws of the States.

Again:

The fundamental principle of the old confederation is defective; we must totally eradicate and discard this principle (coercion of States) before we can expect an efficient government. The gentlemen who have spoken today have taken up the subject of the ancient confederacies, but their view of them has been extremely partial and erroneous. The fact is that the same false and impracticable principle ran through the ancient governments. The first of these governments we read of was the Amphictyonic Confederacy. The council which managed the affairs of this league possessed powers of a similar complexion to those of our present Congress. The same feeble mode of legislation in the heads and the same powers of resistance in the members prevailed. When a requisition was made it rarely met a compliance and a civil war was the consequence. Those that were attacked called in foreign aid to protect them; and the ambitious Philip, under the mask of an ally to one, invaded the liberties of each and finally subverted the whole.

In *The Federalist*, written by Alexander Hamilton, James Madison, and John Jay, the principle of coercion

\* Reprinted from *New York Tribune* of October 14.